

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1192

Introduced by Nebraska Retirement Systems Committee:
Stuhr, 24, Chairperson; Bourne, 8; Bruning, 3;
Wehrbein, 2; Wickersham, 49

Read first time January 11, 2000

Committee:

A BILL

1 FOR AN ACT relating to retirement; to amend sections 24-709.01,
2 79-906, 79-911, 79-917, 79-956, 79-963, 81-2014, 81-2016,
3 81-2021, 84-1301, 84-1305.01, 84-1307, 84-1503, and
4 84-1512, Reissue Revised Statutes of Nebraska, sections
5 23-2306, 23-2312, 24-704, 24-707, 79-905, and 79-907,
6 Revised Statutes Supplement, 1998, and sections 23-2301,
7 24-701, 24-706, 79-902, and 79-960, Revised Statutes
8 Supplement, 1999; to change provisions relating to
9 membership, the reporting and filing of information,
10 liability for certain actions, and bidding processes; to
11 redefine terms; to provide powers and duties; to
12 eliminate a provision relating to audits; to harmonize
13 provisions; to repeal the original sections; and to
14 outright repeal section 79-961, Reissue Revised Statutes
15 of Nebraska.

16 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-2301, Revised Statutes Supplement,
2 1999, is amended to read:

3 23-2301. For purposes of the County Employees Retirement
4 Act, unless the context otherwise requires:

5 (1)(a) Compensation means gross wages or salaries payable
6 to the member for personal services performed during the plan year.
7 Compensation does not include insurance premiums converted into
8 cash payments, reimbursement for expenses incurred, fringe
9 benefits, or bonuses for services not actually rendered, including,
10 but not limited to, early retirement inducements, cash awards, and
11 severance pay, except for retroactive salary payments paid pursuant
12 to court order, arbitration, or litigation and grievance
13 settlements. Compensation includes overtime pay, member retirement
14 contributions, and amounts contributed by the member to plans under
15 sections 125, 403(b), and 457 of the Internal Revenue Code or any
16 other section of the code which defers or excludes such amounts
17 from income.

18 (b) Compensation in excess of the limitations set forth
19 in section 401(a)(17) of the Internal Revenue Code shall be
20 disregarded. For an employee who was a member of the retirement
21 system before the first plan year beginning after December 31,
22 1995, the limitation on compensation shall not be less than the
23 amount which was allowed to be taken into account under the
24 retirement system as in effect on July 1, 1993;

25 (2) Date of adoption of the retirement system by each
26 county means the first day of the month next following the date of
27 approval of the retirement system by the county board or January 1,
28 1987, whichever is earlier;

1 (3) Date of disability means the date on which a member
2 is determined by the board to be disabled;

3 (4) Disability means an inability to engage in a
4 substantially gainful activity by reason of any medically
5 determinable physical or mental impairment which can be expected to
6 result in death or be of a long and indefinite duration;

7 (5) Eligibility and vesting credit means credit for
8 years, or a fraction of a year, of participation in a Nebraska
9 governmental plan for purposes of determining membership in the
10 retirement system and vesting the employer account;

11 (6) Employees means all persons or officers who are
12 employed by a county of the State of Nebraska on a permanent basis,
13 persons employed as provided in section 2-1608, all elected
14 officers of a county, and such other persons or officers as are
15 classified from time to time as permanent employees by the county
16 board of the county by whom they are employed, except that
17 employees does not include judges, employees or officers of any
18 county having a population in excess of one hundred fifty thousand
19 inhabitants, or, except as provided in section 23-2306, persons
20 making contributions to the School Retirement System of the State
21 of Nebraska;

22 (7) Five-year break in service means a period of five
23 consecutive one-year breaks in service;

24 (8) Full-time employee means an employee who is employed
25 to work one-half or more of the regularly scheduled hours during
26 each pay period;

27 (9) Future service means service following the date of
28 adoption of the retirement system;

1 (10) Group annuity contract means the contract issued by
2 one or more life insurance companies to the board in order to
3 provide the future service benefits described in the act;

4 (11) Guaranteed investment contract means an investment
5 contract or account offering a return of principal invested plus
6 interest at a specified rate. For investments made after July 19,
7 1996, guaranteed investment contract does not include direct
8 obligations of the United States or its instrumentalities, bonds,
9 participation certificates or other obligations of the Federal
10 National Mortgage Association, the Federal Home Loan Mortgage
11 Corporation, or the Government National Mortgage Association, or
12 collateralized mortgage obligations and other derivative
13 securities. This subdivision shall not be construed to require the
14 liquidation of investment contracts or accounts entered into prior
15 to July 19, 1996;

16 (12) One-year break in service means a plan year during
17 which the member has not completed more than five hundred hours of
18 service;

19 (13) Part-time employee means an employee who is employed
20 to work less than one-half of the regularly scheduled hours during
21 each pay period;

22 (14) Plan year means the twelve-month period beginning on
23 January 1 and ending on December 31;

24 (15) Prior service means service prior to the date of
25 adoption of the retirement system;

26 (16) Regular interest means the rate of interest earned
27 each calendar year as determined by the retirement board in
28 conformity with actual and expected earnings on the investments;

1 (17) Required contribution means the deduction to be made
2 from the compensation of employees as provided in the act;

3 (18) Retirement means qualifying for and terminating
4 employment after becoming qualified to receive the retirement
5 allowance granted under the act;

6 (19) Retirement board or board means the Public Employees
7 Retirement Board;

8 (20) Retirement system means the Retirement System for
9 Nebraska Counties;

10 (21) Service means the actual total length of employment
11 as an employee and is not deemed to be interrupted by (a) temporary
12 or seasonal suspension of service that does not terminate the
13 employee's employment, (b) leave of absence authorized by the
14 employer for a period not exceeding twelve months, (c) leave of
15 absence because of disability, or (d) military service, when
16 properly authorized by the retirement board. Service does not
17 include any period of disability for which disability retirement
18 benefits are received under section 23-2315;

19 (22) Straight life annuity means an ordinary annuity,
20 payable for the life of the primary annuitant only, and terminating
21 at his or her death without refund or death benefit of any kind;

22 (23) Surviving spouse means (a) the spouse married to the
23 member on the date of the member's death or (b) the spouse or
24 former spouse of the member if survivorship rights are provided
25 under a qualified domestic relations order filed with the board
26 pursuant to the Spousal Pension Rights Act. The spouse or former
27 spouse shall supersede the spouse married to the member on the date
28 of the member's death as provided under a qualified domestic

1 relations order. If the benefits payable to the spouse or former
2 spouse under a qualified domestic relations order are less than the
3 value of benefits entitled to the surviving spouse, the spouse
4 married to the member on the date of the member's death shall be
5 the surviving spouse for the balance of the benefits; and

6 (24) Termination of employment occurs on the date on
7 which a county which is a member of the retirement system
8 determines that its employer-employee relationship with an employee
9 is dissolved. The county shall notify the board ~~in writing~~ within
10 two weeks after the date such a termination is deemed to have
11 occurred. Termination of employment does not occur if an employee
12 whose employer-employee relationship with a county is dissolved
13 enters into an employer-employee relationship with the same or
14 another county which participates in the Retirement System for
15 Nebraska Counties and there are less than one hundred twenty days
16 between the date when the employee's employer-employee relationship
17 ceased with the county and the date when the employer-employee
18 relationship commenced with the same or another county which
19 qualifies the employee for participation in the plan. It shall be
20 the responsibility of the current employer to notify the board ~~in~~
21 ~~writing~~ of such change in employment and provide the board with
22 such information as the board deems necessary. If the board
23 determines that termination of employment has not occurred and a
24 termination benefit has been paid to a member of the retirement
25 system pursuant to section 23-2319, the board shall require the
26 member who has received such benefit to repay the benefit to the
27 retirement system.

28 Sec. 2. Section 23-2306, Revised Statutes Supplement,

1 1998, is amended to read:

2 23-2306. (1) The membership of the retirement system
3 shall be composed of (a) all full-time employees who have been
4 employees for a period of twelve continuous months, except that
5 full-time elected officials shall be members on taking office, (b)
6 all full-time or part-time employees who have attained the age of
7 twenty-five, have been employed for a total of twelve months within
8 a five-year period, and exercise the option to join the retirement
9 system, and (c) all part-time elected officials who exercise the
10 option to join the retirement system. A part-time employee who
11 exercises the option to join the retirement system shall remain in
12 the system until termination or retirement.

13 (2) Within the first thirty days of employment, a
14 full-time employee may apply to the board for eligibility and
15 vesting credit for years of participation in another Nebraska
16 governmental plan, as defined by section 414(d) of the Internal
17 Revenue Code. During the years of participation in the other
18 Nebraska governmental plan, the employee must have been a full-time
19 employee, as defined in the Nebraska governmental plan in which the
20 credit was earned.

21 (3) Any employee who qualifies for membership in the
22 retirement system pursuant to this section may not be disqualified
23 for membership in the retirement system solely because such
24 employee also maintains separate employment which qualifies the
25 employee for membership in another public retirement system, nor
26 may membership in this retirement system disqualify such an
27 employee from membership in another public retirement system solely
28 by reason of separate employment which qualifies such employee for

1 membership in this retirement system.

2 (4) A full-time or part-time employee of a city, village,
3 or township who becomes a county employee pursuant to a merger of
4 services shall receive credit for his or her years of employment
5 with the city, village, or township for purposes of the membership
6 provisions of this section and shall receive eligibility and
7 vesting credit for his or her years of participation in a Nebraska
8 governmental plan, as defined by section 414(d) of the Internal
9 Revenue Code, of the city, village, or township.

10 (5) Information necessary to determine membership in the
11 retirement system shall be provided by the employer. If the
12 employer does not provide the information required by the board in
13 an accurate and timely manner, and the member suffers a financial
14 loss or incurs an unwarranted financial benefit thereby, the
15 employer providing inaccurate or untimely information shall be
16 liable for all losses, adjustments, and benefits so incurred.

17 Sec. 3. Section 23-2312, Revised Statutes Supplement,
18 1998, is amended to read:

19 23-2312. (1) The board or an entity designated by the
20 board director of the Nebraska Public Employees Retirement Systems
21 shall keep a complete record of all members with respect to names,
22 current addresses, ages, contributions, and any other facts as may
23 be necessary in the administration of the County Employees
24 Retirement Act. The information in the records shall be provided
25 by the employer in an accurate and verifiable form, as specified by
26 the director. The director may, from time to time, carry out
27 sampling procedures in accordance with generally accepted auditing
28 standards to verify the accuracy of such information. For the

1 purpose of obtaining such facts and information, the ~~board and its~~
2 ~~designee~~ director shall have access to the records of the various
3 counties and state departments and agencies. A certified copy of a
4 birth certificate or delayed birth certificate shall be prima facie
5 evidence of the age of the person named in the certificate.

6 (2) If the director has in place procedures as approved
7 by the board to educate employers in the maintenance of accurate
8 information reporting and procedures designed to monitor and sample
9 information reporting accuracy in accordance with generally
10 accepted auditing practices, the board shall not be liable for any
11 losses to individuals or employers based on inaccurate information.

12 Sec. 4. Section 24-701, Revised Statutes Supplement,
13 1999, is amended to read:

14 24-701. For purposes of the Judges Retirement Act,
15 unless the context otherwise requires:

16 (1) Fund means the Nebraska Retirement Fund for Judges;

17 (2) Judge means and includes (a) all duly elected or
18 appointed Chief Justices or judges of the Supreme Court and judges
19 of the district courts of Nebraska who serve in such capacity on
20 and after January 3, 1957, (b)(i) all duly appointed judges of the
21 Nebraska Workmen's Compensation Court who served in such capacity
22 on and after September 20, 1957, and prior to July 17, 1986, and
23 (ii) judges of the Nebraska Workers' Compensation Court who serve
24 in such capacity on and after July 17, 1986, (c) judges of separate
25 juvenile courts, (d) judges of the county courts of the respective
26 counties who serve in such capacity on and after January 5, 1961,
27 except acting judges of the county court appointed pursuant to
28 section 24-507, (e) judges of the county court and clerk

1 magistrates who were associate county judges and members of the
2 fund at the time of their appointment as clerk magistrates, (f)
3 judges of municipal courts established by Chapter 26, article 1,
4 who served in such capacity on and after October 23, 1967, and
5 prior to July 1, 1985, and (g) judges of the Court of Appeals;

6 (3) Prior service means all the periods of time any
7 person has served as a (a) judge of the Supreme Court or judge of
8 the district court prior to January 3, 1957, (b) judge of the
9 county court prior to January 5, 1961, (c) judge of the Nebraska
10 Workmen's Compensation Court prior to September 20, 1957, (d) judge
11 of the separate juvenile court, or (e) judge of the municipal court
12 prior to October 23, 1967;

13 (4)(a) Current service means the period of service (i)
14 any judge of the Supreme Court or judge of the district court
15 serves in such capacity from and after January 3, 1957, (ii)(A) any
16 judge of the Nebraska Workmen's Compensation Court served in such
17 capacity from and after September 20, 1957, and prior to July 17,
18 1986, and (B) any judge of the Nebraska Workers' Compensation Court
19 serves in such capacity on and after July 17, 1986, (iii) any
20 county judge serves in such capacity from and after January 5,
21 1961, (iv) any judge of a separate juvenile court serves in such
22 capacity, (v) any judge of the municipal court served in such
23 capacity subsequent to October 23, 1967, and prior to July 1, 1985,
24 (vi) any judge of the county court or associate county judge serves
25 in such capacity subsequent to January 4, 1973, (vii) any clerk
26 magistrate, who was an associate county judge and a member of the
27 fund at the time of appointment as a clerk magistrate, serves in
28 such capacity from and after July 1, 1986, and (viii) any judge of

1 the Court of Appeals serves in such capacity on or after September
2 6, 1991.

3 (b) Current service shall not be deemed to be interrupted
4 by (i) temporary or seasonal suspension of service that does not
5 terminate the employee's employment, (ii) leave of absence
6 authorized by the employer for a period not exceeding twelve
7 months, (iii) leave of absence because of disability, or (iv)
8 military service, when properly authorized by the board. Current
9 service does not include any period of disability for which
10 disability retirement benefits are received under section 24-709;

11 (5) Military service means active service of (a) any
12 judge of the Supreme Court or judge of the district court in any of
13 the armed forces of the United States during a war or national
14 emergency prior or subsequent to September 18, 1955, if such
15 service commenced while such judge was holding the office of judge,
16 (b) any judge of the Nebraska Workmen's Compensation Court or the
17 Nebraska Workers' Compensation Court in any of the armed forces of
18 the United States during a war or national emergency prior or
19 subsequent to September 20, 1957, if such service commenced while
20 such judge was holding the office of judge, (c) any judge of the
21 municipal court in any of the armed forces of the United States
22 during a war or national emergency prior or subsequent to October
23 23, 1967, and prior to July 1, 1985, if such service commenced
24 while such judge was holding the office of judge, (d) any judge of
25 the county court or associate county judge in any of the armed
26 forces of the United States during a war or national emergency
27 prior or subsequent to January 4, 1973, if such service commenced
28 while such judge was holding the office of judge, (e) any clerk

1 magistrate, who was an associate county judge and a member of the
2 fund at the time of appointment as a clerk magistrate, in any of
3 the armed forces of the United States during a war or national
4 emergency on or after July 1, 1986, if such service commenced while
5 such clerk magistrate was holding the office of clerk magistrate,
6 and (f) any judge of the Court of Appeals in any of the armed
7 forces of the United States during a war or national emergency on
8 or after September 6, 1991, if such service commenced while such
9 judge was holding the office of judge. The board shall have the
10 power to determine when a national emergency exists or has existed
11 for the purpose of applying this definition and provision;

12 (6) Creditable service means the total number of years
13 served as a judge, including prior service, military service, and
14 current service, computed to the nearest one-twelfth year. For
15 current service prior to the time that the member has contributed
16 the required percentage of salary until the maximum benefit as
17 limited by section 24-710 has been earned, creditable service does
18 not include current service for which member contributions are not
19 made or are withdrawn and not repaid;

20 (7)(a) Compensation means the statutory salary of a judge
21 or the salary being received by such judge pursuant to law.
22 Compensation does not include compensation for unused sick leave or
23 unused vacation leave converted to cash payments, insurance
24 premiums converted into cash payments, reimbursement for expenses
25 incurred, fringe benefits, or bonuses for services not actually
26 rendered, including, but not limited to, early retirement
27 inducements, cash awards, and severance pay, except for retroactive
28 salary payments paid pursuant to court order, arbitration, or

1 litigation and grievance settlements. Compensation includes
2 overtime pay, member retirement contributions, and amounts
3 contributed by the member to plans under sections 125 and 457 of
4 the Internal Revenue Code or any other section of the code which
5 defers or excludes such amounts from income.

6 (b) Compensation in excess of the limitations set forth
7 in section 401(a)(17) of the Internal Revenue Code shall be
8 disregarded. For an employee who was a member of the retirement
9 system before the first plan year beginning after December 31,
10 1995, the limitation on compensation shall not be less than the
11 amount which was allowed to be taken into account under the
12 retirement system as in effect on July 1, 1993;

13 (8) Beneficiary means a person so designated by a judge
14 in the last written designation of beneficiary on file with the
15 board or, if no designated person survives or if no designation is
16 on file, the estate of such judge;

17 (9) Normal form annuity means a series of equal monthly
18 payments payable at the end of each calendar month during the life
19 of a retired judge as provided in sections 24-707 and 24-710,
20 except as provided in section 42-1107. The first payment shall
21 include all amounts accrued since the effective date of the award
22 of the annuity. The last payment shall be at the end of the
23 calendar month in which such judge dies. If at the time of death
24 the amount of annuity payments such judge has received is less than
25 contributions to the fund made by such judge, plus regular
26 interest, the difference shall be paid to the beneficiary or
27 estate;

28 (10) Board means the Public Employees Retirement Board;

1 (11) Member means a judge eligible to participate in the
2 retirement system established under the Judges Retirement Act;

3 (12) Original member means a judge who first served as a
4 judge prior to December 25, 1969, who does not elect to become a
5 future member pursuant to subsection (8) of section 24-703 or
6 section 24-710.01, and who was retired on or before December 31,
7 1992;

8 (13) Future member means a judge who first served as a
9 judge on or after December 25, 1969, or means a judge who first
10 served as a judge prior to December 25, 1969, who elects to become
11 a future member on or before June 30, 1970, as provided in
12 subsection (8) of section 24-703 or section 24-710.01;

13 (14) Final average compensation means the average monthly
14 compensation for the three twelve-month periods of service as a
15 judge in which compensation was the greatest or, in the event of a
16 judge serving less than three twelve-month periods, the average
17 monthly compensation for such judge's period of service;

18 (15) Regular interest means interest fixed at a rate
19 equal to the bond equivalent yield, as published by the Secretary
20 of the Treasury of the United States, of the average accepted
21 auction price for the last auction of fifty-two-week United States
22 treasury bills in effect on the last day of the preceding plan
23 year, which may be credited monthly, quarterly, semiannually, or
24 annually as the board may direct;

25 (16) Normal retirement date means the first day of the
26 month following attainment of age sixty-five;

27 (17) Actuarial equivalence means the equality in value of
28 the aggregate amounts expected to be received under different forms

1 of payment. The determinations are to be based on the 1971 Group
2 Annuity Mortality Table reflecting sex-distinct factors blended
3 using seventy-five percent of the male table and twenty-five
4 percent of the female table. An interest rate of seven percent per
5 annum shall be reflected in making these determinations;

6 (18) Current benefit means the initial benefit increased
7 by all adjustments made pursuant to the act;

8 (19) Initial benefit means the retirement benefit
9 calculated at the time of retirement;

10 (20) Plan year means the twelve-month period beginning on
11 July 1 and ending on June 30 of the following year;

12 (21) Retirement system or system means the Nebraska
13 Judges Retirement System as provided in the Judges Retirement Act;

14 (22) Surviving spouse means (a) the spouse married to the
15 member on the date of the member's death or (b) the spouse or
16 former spouse of the member if survivorship rights are provided
17 under a qualified domestic relations order filed with the board
18 pursuant to the Spousal Pension Rights Act. The spouse or former
19 spouse shall supersede the spouse married to the member on the date
20 of the member's death as provided under a qualified domestic
21 relations order. If the benefits payable to the spouse or former
22 spouse under the qualified domestic relations order are less than
23 the value of benefits entitled to the surviving spouse, the spouse
24 married to the member on the date of the member's death shall be
25 the surviving spouse for the balance of the benefits; and

26 (23) Termination of employment occurs on the date on
27 which the State Court Administrator's office determines that the
28 judge's employer-employee relationship with the State of Nebraska

1 is dissolved. The State Court Administrator's office shall notify
2 the board ~~in writing~~ within two weeks after the date such a
3 termination is deemed to have occurred.

4 Sec. 5. Section 24-704, Revised Statutes Supplement,
5 1998, is amended to read:

6 24-704. (1) The general administration of the retirement
7 system for judges provided for in the Judges Retirement Act, except
8 the investment of funds, is hereby vested in the board. The
9 Auditor of Public Accounts shall make an annual audit of the
10 retirement system and file an annual report of its condition with
11 the Clerk of the Legislature. Each member of the Legislature shall
12 receive a copy of the annual report by making a request for such
13 report to the Auditor of Public Accounts. The board shall adopt
14 and promulgate rules and regulations as may be necessary to carry
15 out the Judges Retirement Act.

16 (2)(a) The board shall employ a director and such
17 assistants and employees as may be necessary to efficiently
18 discharge the duties imposed by the act. The director shall keep a
19 record of all acts and proceedings taken by the board.

20 (b) The director ~~He or she~~ shall keep a complete record
21 of all members with respect to name, current address, age,
22 contributions, length of service, compensation, and any other facts
23 as may be necessary in the administration of the act. The
24 information in the records shall be provided by the State Court
25 Administrator in an accurate and verifiable form, as specified by
26 the director. The director may, from time to time, carry out
27 sampling procedures in accordance with generally accepted auditing
28 standards to verify the accuracy of such information. For the

1 purpose of obtaining such facts and information, the director shall
2 have access to the records of the various state departments and
3 agencies. A certified copy of a birth certificate or delayed birth
4 certificate shall be prima facie evidence of the age of the person
5 named in the certificate.

6 (c) If the director has in place procedures as approved
7 by the board to educate the State Court Administrator in the
8 maintenance of accurate information reporting and procedures
9 designed to monitor and sample information reporting accuracy in
10 accordance with generally accepted auditing practices, the board
11 shall not be liable for any losses to individuals or employers
12 based on inaccurate information.

13 (3) Information necessary to determine membership in the
14 retirement system shall be provided by the State Court
15 Administrator. If the State Court Administrator does not provide
16 the information required by the board in an accurate and timely
17 manner, and the member suffers a financial loss or incurs an
18 unwarranted financial benefit thereby, the State Court
19 Administrator shall be liable for all losses, adjustments, and
20 benefits so incurred.

21 (4) Any funds of the retirement system available for
22 investment shall be invested by the Nebraska Investment Council
23 pursuant to the Nebraska Capital Expansion Act and the Nebraska
24 State Funds Investment Act. Payment for investment services by the
25 council shall be charged directly against the gross investment
26 returns of the funds. Charges so incurred shall not be a part of
27 the board's annual budget request. The amounts of payment for such
28 services, as of December 31 of each year, shall be reported not

1 later than March 31 of the following year to the council, the
2 board, and the Nebraska Retirement Systems Committee. The state
3 investment officer shall sell any such securities upon request from
4 the director so as to provide money for the payment of benefits or
5 annuities.

6 Sec. 6. Section 24-706, Revised Statutes Supplement,
7 1999, is amended to read:

8 24-706. (1) Upon termination of employment, any member
9 whose service is terminated prior to age sixty-five for any cause
10 other than death or disability may, upon ~~written~~ request to the
11 board:

12 (a) Have returned to him or her the total amount of
13 contributions which he or she has made to the fund, plus regular
14 interest, and the return of such contributions to such judge shall
15 preclude such judge from any benefits under the Judges Retirement
16 Act unless and until such judge again serves in such capacity and
17 repays, commencing within three years after rejoining the
18 retirement system and prior to five years after rejoining the
19 retirement system or prior to termination of employment, whichever
20 is first, part or all of the amount withdrawn plus interest which
21 would have accrued on such amount under the retirement system. If
22 the member chooses not to repay such withdrawals with interest, the
23 member shall enter the retirement system as a new member with no
24 prior rights; or

25 (b) Leave his or her contributions in the fund and
26 receive a retirement annuity as provided in sections 24-708 and
27 24-710.

28 (2) Any member whose service is terminated at or

1 subsequent to age sixty-five shall be considered as beginning
2 normal retirement and annuity payments shall begin as provided in
3 section 24-710.

4 Sec. 7. Section 24-707, Revised Statutes Supplement,
5 1998, is amended to read:

6 24-707. In the event of the death of a judge prior to
7 retirement, if such judge shall have had five or more years of
8 creditable service, the surviving spouse of such judge shall at his
9 or her option be immediately entitled to receive those benefits
10 which the surviving spouse would have been entitled to under
11 subsection (3) of section 24-710 had the judge elected to have the
12 retirement annuity paid as a joint and survivor annuity payable as
13 long as either the judge or the judge's surviving spouse should
14 survive and had the judge retired (1) on the date of death if his
15 or her age at death is sixty-five or more or (2) at age sixty-five
16 if his or her age at death is less than sixty-five. If such option
17 is not exercised by such surviving spouse within ninety days of the
18 judge's death, if there is no surviving spouse, or if the judge has
19 not served for five years, then the beneficiary, or the estate if
20 the judge has not filed a ~~written~~ statement with the board naming a
21 beneficiary, shall be paid a lump sum equal to all contributions to
22 the fund made by such judge plus regular interest. In the event of
23 the death of a judge subsequent to retirement, if such judge has
24 not filed a ~~written~~ statement of intent with the board to elect to
25 receive any other form of annuity which may be provided for by
26 section 24-710, the amount of annuities such judge has received
27 under the provisions of the Judges Retirement Act shall be computed
28 and, if such amount shall be less than the contributions to the

1 fund made by such judge, plus regular interest, the difference
2 shall be paid to the beneficiary or estate. Benefits to which the
3 surviving spouse, beneficiary, or estate of a judge shall be
4 entitled shall commence immediately upon the death of such judge.

5 Sec. 8. Section 24-709.01, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 24-709.01. All ~~papers~~ documents filed with and
8 proceedings before the Commission on Judicial Qualifications
9 pursuant to sections 24-709 and 24-712 shall be confidential.

10 Sec. 9. Section 79-902, Revised Statutes Supplement,
11 1999, is amended to read:

12 79-902. For purposes of the School Employees Retirement
13 Act, unless the context otherwise requires:

14 (1) Accumulated contributions means the sum of all
15 amounts deducted from the compensation of a member and credited to
16 his or her individual account in the School Retirement Fund
17 together with regular interest thereon, compounded monthly,
18 quarterly, semiannually, or annually;

19 (2) Beneficiary means any person in receipt of a school
20 retirement allowance or other benefit provided by the act;

21 (3) Member means any person who has an account in the
22 School Retirement Fund;

23 (4) County school official means the county
24 superintendent, county school administrator, or district
25 superintendent and any person serving in his or her office who is
26 required by law to have a teacher's certificate;

27 (5) Creditable service means prior service for which
28 credit is granted under sections 79-926 to 79-929, service credit

1 purchased under sections 79-933.03 to 79-933.06 and 79-933.08, and
2 all service rendered while a contributing member of the retirement
3 system. Creditable service includes working days, sick days,
4 vacation days, holidays, and any other leave days for which the
5 employee is paid regular wages as part of the employee's agreement
6 with the employer. Creditable service does not include lump-sum
7 payments to the employee upon termination or retirement in lieu of
8 accrued benefits for such days, eligibility and vesting credit, nor
9 service years for which member contributions are withdrawn and not
10 repaid. Creditable service also does not include service rendered
11 by a member for which the retirement board determines that the
12 member was paid less in compensation than the minimum wage as
13 provided in the Wage and Hour Act or service which the board
14 determines was rendered with the intent to defraud the retirement
15 system;

16 (6) Disability retirement allowance means the annuity
17 paid to a person upon retirement for disability under section
18 79-952;

19 (7) Employer means the State of Nebraska or any
20 subdivision thereof or agency of the state or subdivision
21 authorized by law to hire school employees or to pay their
22 compensation;

23 (8) Fiscal year means any year beginning July 1 and
24 ending June 30 next following;

25 (9) Regular interest means interest fixed at a rate equal
26 to the bond equivalent yield, as published by the Secretary of the
27 Treasury of the United States, of the average accepted auction
28 price for the last auction of fifty-two-week United States treasury

1 bills in effect on the last day of the preceding plan year, which
2 may be credited monthly, quarterly, semiannually, or annually as
3 the board may direct;

4 (10) Junior school employee means a school employee who
5 has not arrived at his or her twenty-first birthday anniversary on
6 August 15 preceding;

7 (11) School employee means a contributing member who
8 acquires five hundred sixteen hours or more of service in a fiscal
9 year and thereby earns one-half year of service credit. A
10 contributing member who acquires one thousand thirty-two hours or
11 more of service in a fiscal year shall earn one year of service
12 credit. For purposes of this section, contributing member means
13 the following persons who receive compensation from a public
14 school: (a) Regular employees hired upon a full-time basis which
15 contemplates a workweek of not less than thirty hours; (b) regular
16 part-time employees hired for not less than sixty hours per month;
17 and (c) school employees having retired pursuant to the School
18 Employees Retirement Act who subsequently provide compensated
19 service on a regular basis in any capacity. Substitute school
20 employees shall not be considered school employees;

21 (12) Prior service means service rendered as a school
22 employee in the public schools of the State of Nebraska prior to
23 July 1, 1945;

24 (13) Public school means any and all schools offering
25 instruction in elementary or high school grades, as defined in
26 section 79-101, which schools are supported by public funds and are
27 wholly under the control and management of the State of Nebraska or
28 any subdivision thereof, including (a) schools or other entities

1 established, maintained, and controlled by the school boards of
2 local school districts, except Class V school districts, (b) any
3 educational service unit, and (c) any other educational institution
4 wholly supported by public funds, except schools under the control
5 and management of the Board of Trustees of the Nebraska State
6 Colleges, the Board of Regents of the University of Nebraska, or
7 the community college boards of governors for any community college
8 areas;

9 (14) Retirement means qualifying for and accepting a
10 school or disability retirement allowance granted under the School
11 Employees Retirement Act;

12 (15) Retirement board or board means the Public Employees
13 Retirement Board;

14 (16) Retirement system means the School Retirement System
15 of the State of Nebraska;

16 (17) Required deposit means the deduction from a member's
17 compensation as provided for in section 79-958 which shall be
18 deposited in the School Retirement Fund;

19 (18) School year means one fiscal year which includes not
20 less than one thousand thirty-two instructional hours or, in the
21 case of service in the State of Nebraska prior to July 1, 1945, not
22 less than seventy-five percent of the then legal school year;

23 (19) Senior school employee means a school employee who
24 has arrived at his or her twenty-first birthday anniversary on
25 August 15 preceding;

26 (20) Service means employment as a school employee and
27 shall not be deemed interrupted by (a) termination at the end of
28 the school year of the contract of employment of an employee in a

1 public school if the employee enters into a contract of employment
2 in any public school, except a school in a Class V school district,
3 for the following school year, (b) temporary or seasonal suspension
4 of service that does not terminate the employee's employment, (c)
5 leave of absence authorized by the employer for a period not
6 exceeding twelve months, (d) leave of absence because of
7 disability, or (e) military service when properly authorized by the
8 retirement board. Service does not include any period of
9 disability for which disability retirement benefits are received
10 under sections 79-951 to 79-953;

11 (21) School retirement allowance means the total of the
12 savings annuity and the service annuity or formula annuity paid a
13 person who has retired under sections 79-931 to 79-935. The
14 monthly payments shall be payable at the end of each calendar month
15 during the life of a retired member. The first payment shall
16 include all amounts accrued since the effective date of the award
17 of annuity. The last payment shall be at the end of the calendar
18 month in which such member dies or in accordance with the payment
19 option chosen by the member;

20 (22) Service annuity means payments for life, made in
21 equal monthly installments, derived from appropriations made by the
22 State of Nebraska to the retirement system;

23 (23) State deposit means the deposit by the state in the
24 retirement system on behalf of any member;

25 (24) State school official means the Commissioner of
26 Education and his or her professional staff;

27 (25) Savings annuity means payments for life, made in
28 equal monthly payments, derived from the accumulated contributions

1 of a member;

2 (26) Emeritus member means a person (a) who has entered
3 retirement under the provisions of the act, including those persons
4 who have retired since July 1, 1945, under any other regularly
5 established retirement or pension system as contemplated by section
6 79-916, (b) who has thereafter been reemployed in any capacity by a
7 public school, a Class V school district, or a school under the
8 control and management of the Board of Trustees of the Nebraska
9 State Colleges, the Board of Regents of the University of Nebraska,
10 or a community college board of governors or has become a state
11 school official or county school official subsequent to such
12 retirement, and (c) who has applied to the board for emeritus
13 membership in the retirement system. The school district or agency
14 shall certify to the retirement board on forms prescribed by the
15 retirement board that the annuitant was reemployed, rendered a
16 service, and was paid by the district or agency for such services;

17 (27) Actuarial equivalent means the equality in value of
18 the aggregate amounts expected to be received under different forms
19 of payment. The determinations shall be based on the 1971 Group
20 Annuity Mortality Table reflecting sex-distinct factors blended
21 using twenty-five percent of the male table and seventy-five
22 percent of the female table. An interest rate of seven percent per
23 annum shall be reflected in making these determinations except when
24 a lump-sum settlement is made to an estate. If the lump-sum
25 settlement is made to an estate, the interest rate will be
26 determined by the Moody's Triple A Bond Index as of the prior June
27 30, rounded to the next lower quarter percent;

28 (28) Retirement date means the first day of the month

1 following the date upon which a member's request for retirement is
2 received on a retirement application provided by the retirement
3 system if the member has terminated employment in the school
4 system. An application may be filed no more than ninety days in
5 advance of the date on which a member terminates employment in the
6 school system;

7 (29) Disability retirement date means the first day of
8 the month following the date upon which a member's request for
9 disability retirement is received on a retirement application
10 provided by the retirement system if the member has terminated
11 employment in the school system and has complied with sections
12 79-951 to 79-954 as such sections refer to disability retirement;

13 (30) Retirement application means the form approved by
14 the retirement system for acceptance of a member's request for
15 either regular or disability retirement;

16 (31) Eligibility and vesting credit means credit for
17 years, or a fraction of a year, of participation in a Nebraska
18 government plan for purposes of determining eligibility for
19 benefits under the School Employees Retirement Act. Such credit
20 shall not be included as years of creditable service in the benefit
21 calculation;

22 (32) Final average compensation means (a) for full-time
23 employees, the member's total compensation subject to required
24 deposits for the three fiscal years in which such compensation was
25 the highest divided by thirty-six and (b) for part-time employees,
26 the member's total adjusted compensation subject to required
27 deposits for the three fiscal years in which such adjusted
28 compensation was the highest divided by thirty-six. In the

1 determination of final average compensation for members who retire
2 on or after May 26, 1999, that part of a member's compensation for
3 the fiscal year which exceeds the member's compensation with the
4 same employer for the preceding fiscal year by more than ten
5 percent shall be excluded unless the member experienced a
6 substantial change in employment position. If a member has such
7 compensation for less than three such fiscal years, his or her
8 final average compensation shall be determined by dividing his or
9 her total compensation in all such years by the total number of
10 months of his or her creditable service therefor. Adjusted
11 compensation for any year shall be equal to actual pay times the
12 ratio of one to the actual credited service for such year.

13 Payments under the Retirement Incentive Plan pursuant to
14 section 79-855 and Staff Development Assistance pursuant to section
15 79-856 shall not be included in the determination of final average
16 compensation;

17 (33) Plan year means the twelve-month period beginning on
18 July 1 and ending on June 30 of the following year;

19 (34) Current benefit means the initial benefit increased
20 by all adjustments made pursuant to the act;

21 (35) Initial benefit means the retirement benefit
22 calculated at the time of retirement;

23 (36) Surviving spouse means (a) the spouse married to the
24 member on the date of the member's death or (b) the spouse or
25 former spouse of the member if survivorship rights are provided
26 under a qualified domestic relations order filed with the board
27 pursuant to the Spousal Pension Rights Act. The spouse or former
28 spouse shall supersede the spouse married to the member on the date

1 of the member's death as provided under a qualified domestic
2 relations order. If the benefits payable to the spouse or former
3 spouse under a qualified domestic relations order are less than the
4 value of benefits entitled to the surviving spouse, the spouse
5 married to the member on the date of the member's death shall be
6 the surviving spouse for the balance of the benefits;

7 (37)(a) Compensation means gross wages or salaries
8 payable to the member for personal services performed during the
9 plan year. Compensation does not include amounts which the
10 retirement board determines were fraudulently obtained,
11 compensation for unused sick leave or unused vacation leave
12 converted to cash payments, insurance premiums converted into cash
13 payments, reimbursement for expenses incurred, fringe benefits, or
14 bonuses for services not actually rendered, including, but not
15 limited to, early retirement inducements, cash awards, and
16 severance pay, except for retroactive salary payments paid pursuant
17 to court order, arbitration, or litigation and grievance
18 settlements. Compensation includes overtime pay, member retirement
19 contributions, and amounts contributed by the member to plans under
20 sections 125, 403(b), and 457 of the Internal Revenue Code or any
21 other section of the code which defers or excludes such amounts
22 from income.

23 (b) Compensation in excess of the limitations set forth
24 in section 401(a)(17) of the Internal Revenue Code shall be
25 disregarded. For an employee who was a member of the retirement
26 system before the first plan year beginning after December 31,
27 1995, the limitation on compensation shall not be less than the
28 amount which was allowed to be taken into account under the

1 retirement system as in effect on July 1, 1993;

2 (38) Termination of employment occurs on the date on
3 which the members' employer determines that the member's
4 employer-employee relationship with the employer is dissolved. The
5 employer shall notify the board ~~in writing~~ within two weeks after
6 the date such a termination is deemed to have occurred.
7 Termination of employment does not include ceasing ~~active work~~
8 employment at the end of the school year if the member ~~will return~~
9 ~~to active work during the following school year with any school~~
10 district under the retirement system subsequently provides
11 compensated service on a regular basis in any capacity for any
12 school district other than a Class V school district within the
13 same plan year or within one hundred eighty calendar days after
14 ceasing employment, whichever period is longer;

15 (39) Disability means an inability to engage in a
16 substantially gainful activity by reason of any medically
17 determinable physical or mental impairment which can be expected to
18 result in death or be of a long and indefinite duration; and

19 (40) Substitute school employee means a person hired by a
20 public school on an intermittent basis to assume the duties of
21 regular school employees due to the temporary absence of the
22 regular school employees.

23 Sec. 10. Section 79-905, Revised Statutes Supplement,
24 1998, is amended to read:

25 79-905. The retirement board shall:

26 (1) Determine the eligibility of an individual to be a
27 member of the retirement system and other questions of fact in the
28 event of dispute between an individual and a department;

1 (2) Adopt rules and regulations for the management of the
2 board;

3 (3) Prescribe ~~forms~~ the form in which shall be used by
4 employers ~~to~~ report contributions, hours worked by school
5 employees, payroll information, and other information necessary to
6 carry out the board's duties;

7 (4) Keep a complete record of all proceedings taken at
8 any meeting of the board;

9 (5) Employ a director and other assistance as may be
10 necessary in the performance of its duties; and

11 (6) Obtain actuarial services pursuant to subdivision
12 (2)(e) of section 84-1503.

13 Sec. 11. Section 79-906, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 79-906. (1) The director in charge of the retirement
16 system shall keep a complete record of all members with respect to
17 name, current address, age, contributions, and any other facts as
18 may be necessary in the administration of the School Employees
19 Retirement Act. The information in the records shall be provided
20 by the employer in an accurate and verifiable form, as specified by
21 the director. The director may, from time to time, carry out
22 sampling procedures in accordance with generally accepted auditing
23 standards to verify the accuracy of such information. For the
24 purpose of obtaining such facts and information, the director shall
25 have access to the records of the various employers and state
26 departments and agencies. A certified copy of a birth certificate
27 or delayed birth certificate shall be prima facie evidence of the
28 age of the person named in the certificate.

1 (2) If the employer does not provide the information
2 required by the director in an accurate and timely manner and the
3 member suffers a financial loss or incurs an unwarranted financial
4 benefit thereby, the employer providing the inaccurate or untimely
5 information shall be liable for all losses, adjustments, and
6 benefits so incurred.

7 (3) If the director has in place procedures as approved
8 by the board to educate employers in the maintenance of accurate
9 information reporting and procedures designed to monitor and sample
10 information reporting accuracy in accordance with generally
11 accepted auditing practices, the board shall not be liable for any
12 losses to individuals or employers based on inaccurate information.

13 Sec. 12. Section 79-907, Revised Statutes Supplement,
14 1998, is amended to read:

15 79-907. (1)(a) After October 1, 1998, and before October
16 1, 2000, ~~and on or before October 1 every two years thereafter,~~ the
17 retirement board shall send to each contributing member of the
18 retirement system by certified mail, return receipt requested, a
19 statement of creditable service earned by that member for the two
20 prior fiscal years. The member shall have ninety days after its
21 receipt to dispute such statement and request that the board modify
22 or correct such statement of creditable service earned. If the
23 member does not dispute the statement on or before the ninety days
24 have elapsed, the statement shall be binding upon the member and
25 the member shall be forever barred from challenging such statement
26 thereafter.

27 (b) On or before October 1, 2001, and every two years
28 thereafter, the retirement board shall send to each contributing

1 member of the retirement system by certified mail, return receipt
2 requested, a statement of creditable service, reported salary, and
3 other such information as is determined by the director of the
4 Nebraska Public Employees Retirement Systems to be necessary in
5 calculating the member's retirement benefit. The member shall have
6 ninety days after its receipt to dispute such statement and request
7 that the board modify or correct such statement of information. If
8 the member does not dispute the statement on or before the ninety
9 days have elapsed, the statement shall be binding upon the member
10 and the member shall be forever barred from challenging such
11 statement thereafter.

12 (c) If the member requests a modification or correction
13 of his or her statement of ~~creditable service~~ information, the
14 member shall provide documentation to the board supporting such
15 modification or correction and provide clear and convincing
16 evidence that the statement is in error. The board shall, within
17 sixty days after receipt of the documentation supporting the
18 modification or correction, determine whether the member has proven
19 by clear and convincing evidence that the statement ~~of creditable~~
20 ~~service earned~~ shall be modified or corrected. If the board
21 determines that the member has provided clear and convincing
22 evidence, the board shall modify or correct the statement. If the
23 board determines that the member has not provided clear and
24 convincing evidence, the board shall deny the modification or
25 correction. In either case, the board shall notify the member. ~~in~~
26 ~~writing.~~ The member may appeal the decision of the board pursuant
27 to section 79-950.

28 (2) After July 1, 1998, and before July 1, 2000, the

1 board shall send to each member of the retirement system by
2 certified mail, return receipt requested, a statement of creditable
3 service earned by that member for all fiscal years prior to the
4 statement required by subsection (1)(a) of this section, with
5 priority of receipt given to members with the most creditable
6 service and years of participation in the system. The member shall
7 have ninety days after its receipt to dispute such statement and
8 request that the board modify or correct it. Disputes and appeals
9 arising from such statements shall be taken in the same manner and
10 shall require the same standard of proof as provided in subsection
11 (1) of this section.

12 (3) The board shall adopt and promulgate rules and
13 regulations and prescribe the necessary forms to carry out this
14 section.

15 Sec. 13. Section 79-911, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-911. Any emeritus member may retire upon his or her
18 ~~written~~ application to the retirement board, to be effective upon
19 the termination of his or her employment in any public school or in
20 any position covered by the retirement system.

21 Sec. 14. Section 79-917, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 79-917. Within the first thirty days of employment, a
24 school employee may apply to the board for eligibility and vesting
25 credit for years of participation in another Nebraska governmental
26 plan, as defined by section 414(d) of the Internal Revenue Code.
27 During the years of participation in the other Nebraska
28 governmental plan, the employee must have been a full-time or a

1 part-time employee as ~~described in section 79-902~~ defined in the
2 Nebraska governmental plan in which the credit was earned. Such
3 credit shall not be included as years of service in the benefit
4 calculation.

5 Sec. 15. Section 79-956, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 79-956. (1) If a member dies before retirement, his or
8 her accumulated contributions shall be paid to his or her estate,
9 to an alternate payee pursuant to a qualified domestic relations
10 order as provided in section 42-1107, or to the person he or she
11 has nominated by ~~written~~ designation duly executed and filed with
12 the retirement board. Except for payment to an alternative payee
13 pursuant to a qualified domestic relations order, if no legal
14 representative or beneficiary ~~designated in writing~~ applies for
15 such accumulated contributions within five years following (a) the
16 deceased member's sixty-fifth birthday if death occurred prior to
17 such date or (b) the date of the deceased member's death if death
18 occurred after the deceased member's sixty-fifth birthday, the
19 contributions shall be forfeited to the retirement system and
20 credited to the Contingent Account at that time.

21 (2) When the deceased member has not less than twenty
22 years of creditable service regardless of age or dies on or after
23 his or her sixty-fifth birthday and leaves a surviving spouse who
24 has been designated ~~in writing~~ as beneficiary and who, as of the
25 date of the member's death, is the sole surviving primary
26 beneficiary, such beneficiary may elect, within ninety days after
27 the death of the member, to receive an annuity which shall be equal
28 to the amount that would have accrued to the member had he or she

1 elected to have the retirement annuity paid as a joint and survivor
2 annuity payable as long as either the member or the member's spouse
3 should survive and had the member retired (a) on the date of death
4 if his or her age at death is sixty-five years or more or (b) at
5 age sixty-five years if his or her age at death is less than
6 sixty-five years. If the requirements of this subsection are not
7 met, then the beneficiary or the estate, if the member has not
8 filed a ~~written~~ statement with the board naming a beneficiary,
9 shall be paid a lump sum equal to all contributions to the fund
10 made by such member plus regular interest.

11 (3) Benefits to which a surviving spouse, beneficiary, or
12 estate of a member shall be entitled pursuant to subsections (1)
13 and (2) of this section shall commence immediately upon the death
14 of such member.

15 Sec. 16. Section 79-960, Revised Statutes Supplement,
16 1999, is amended to read:

17 79-960. Every employer shall deduct and withhold an
18 amount pursuant to section 79-958 from the compensation as a school
19 employee of each member on each payroll period after such school
20 employee becomes a member of the retirement system. The employer,
21 through its proper agents, the superintendent of the school
22 district or the administrator of a Class I school district, or the
23 secretary of the school board, shall transmit monthly, quarterly,
24 or semiannually if the retirement board so directs a copy of such
25 payroll, in such form as is approved by the retirement board, and a
26 remittance payable to the order of the State Treasurer for all
27 deductions from the compensation of members on such payroll. The
28 remittances may be ~~by draft, money order, check, or otherwise~~

1 ~~according to rules and regulations adopted and promulgated in a~~
2 ~~form as specified~~ by the retirement board. The board shall
3 immediately transmit to the State Treasurer all payments received.

4 The board may charge the employer a late fee, not to exceed fifty
5 dollars, if the deduction report, the monthly remittance report, or
6 the monthly money due is not received and properly completed by the
7 date due as prescribed by the board. The board shall charge the
8 employer an amount equal to the interest which would have accrued
9 if the delinquent report causes the employee to lose interest on
10 his or her account. The proceeds of the interest charge shall be
11 used to reimburse the account of each school employee deprived of
12 interest by the delay.

13 Sec. 17. Section 79-963, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 79-963. Every employer and school employee shall send to
16 the ~~retirement board~~ director, as specified in section 79-906, upon
17 ~~its~~ request and in the manner required by ~~it~~ the director, such
18 information as ~~the board~~ he or she may require (1) for the
19 identification of school employees and (2) for the determination of
20 the membership of the retirement system and the obligations of the
21 employer and school employee to the retirement system. If an
22 employee who is qualified for membership fails or refuses to file,
23 within one calendar year of becoming a member, in complete form, a
24 membership registration blank properly identifying the member,
25 fifty dollars shall be transferred from such employee's individual
26 account in the School Retirement Fund to the Service Annuity
27 Account.

28 Sec. 18. Section 81-2014, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 81-2014. For purposes of the Nebraska State Patrol
3 Retirement Act:

4 (1) Actuarial equivalent means the equality in value of
5 the aggregate amounts expected to be received under different forms
6 of payment or to be received at an earlier retirement age than the
7 normal retirement age. The determinations shall be based on the
8 1983 Group Annuity Mortality Table reflecting sex-distinct factors
9 blended using seventy-five percent of the male table and
10 twenty-five percent of the female table. An interest rate of seven
11 percent per annum shall be reflected in making the determinations
12 until such percent is amended by the Legislature;

13 (2) Board means the Public Employees Retirement Board;

14 (3)(a) Compensation means gross wages or salaries payable
15 to the member for personal services performed during the plan year.
16 Compensation does not include insurance premiums converted into
17 cash payments, reimbursement for expenses incurred, fringe
18 benefits, or bonuses for services not actually rendered, including,
19 but not limited to, early retirement inducements, cash awards, and
20 severance pay, except for retroactive salary payments paid pursuant
21 to court order, arbitration, or litigation and grievance
22 settlements. For any officer employed after January 4, 1979,
23 compensation does not include compensation for unused sick leave or
24 unused vacation leave converted to cash payments. Compensation
25 includes overtime pay, member retirement contributions, and amounts
26 contributed by the member to plans under sections 125 and 457 of
27 the Internal Revenue Code or any other section of the code which
28 defers or excludes such amounts from income.

1 (b) Compensation in excess of the limitations set forth
2 in section 401(a)(17) of the Internal Revenue Code shall be
3 disregarded. For an employee who was a member of the retirement
4 system before the first plan year beginning after December 31,
5 1995, the limitation on compensation shall not be less than the
6 amount which was allowed to be taken into account under the
7 retirement system as in effect on July 1, 1993;

8 (4) Creditable service means service granted pursuant to
9 section 81-2034 and all service rendered while a contributing
10 member of the retirement system. Creditable service includes
11 working days, sick days, vacation days, holidays, and any other
12 leave days for which the officer is paid regular wages. Creditable
13 service does not include eligibility and vesting credit nor service
14 years for which member contributions are withdrawn and not repaid;

15 (5) Current benefit means the initial benefit increased
16 by all adjustments made pursuant to the act;

17 (6) Eligibility and vesting credit means credit for
18 years, or a fraction of a year, of participation in a Nebraska
19 government plan for purposes of determining eligibility for
20 benefits under the Nebraska State Patrol Retirement Act. Such
21 credit shall be used toward the vesting percentage pursuant to
22 subsection (2) of section 81-2031 but shall not be included as
23 years of service in the benefit calculation;

24 (7) Initial benefit means the retirement benefit
25 calculated at the time of retirement;

26 (8) Officer means an officer provided for in sections
27 81-2001 to 81-2009;

28 (9) Plan year means the twelve-month period beginning on

1 July 1 and ending on June 30 of the following year;

2 (10) Regular interest means interest fixed at a rate
3 equal to the bond equivalent yield, as published by the Secretary
4 of the Treasury of the United States, of the average accepted
5 auction price for the last auction of fifty-two-week United States
6 treasury bills in effect on the last day of the preceding plan
7 year, which may be credited monthly, quarterly, semiannually, or
8 annually as the board may direct;

9 (11) Retirement system or system means the Nebraska State
10 Patrol Retirement System as provided in the act;

11 (12) Service means employment as a member of the Nebraska
12 State Patrol and shall not be deemed to be interrupted by (a)
13 temporary or seasonal suspension of service that does not terminate
14 the employee's employment, (b) leave of absence authorized by the
15 employer for a period not exceeding twelve months, (c) leave of
16 absence because of disability, or (d) military service, when
17 properly authorized by the board. Service does not include any
18 period of disability for which disability retirement benefits are
19 received under subsection (1) of section 81-2025;

20 (13) Surviving spouse means (a) the spouse married to the
21 member on the date of the member's death if married for at least
22 one year prior to death or if married on the date of the member's
23 retirement or (b) the spouse or former spouse of the member if
24 survivorship rights are provided under a qualified domestic
25 relations order filed with the board pursuant to the Spousal
26 Pension Rights Act. The spouse or former spouse shall supersede
27 the spouse married to the member on the date of the member's death
28 as provided under a qualified domestic relations order. If the

1 benefits payable to the spouse or former spouse under a qualified
2 domestic relations order are less than the value of benefits
3 entitled to the surviving spouse, the spouse married to the member
4 on the date of the member's death shall be the surviving spouse for
5 the balance of the benefits; and

6 (14) Termination of employment occurs on the date on
7 which the Nebraska State Patrol determines that the officer's
8 employer-employee relationship with the patrol is dissolved. The
9 Nebraska State Patrol shall notify the board ~~in writing~~ within two
10 weeks after the date such a termination is deemed to have occurred.
11 Termination of employment does not include ceasing employment with
12 the Nebraska State Patrol if the officer returns to regular
13 employment with the Nebraska State Patrol within the same plan year
14 or within one hundred twenty days, whichever period is longer.

15 Sec. 19. Section 81-2016, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 81-2016. (1) Every member of the Nebraska State Patrol
18 who was employed by the State of Nebraska as such, on September 7,
19 1947, and every person employed as a member of such patrol
20 thereafter, shall be a member of this system.

21 (2) Within the first thirty days of employment, a member
22 may apply to the board for eligibility and vesting credit for years
23 of participation in another Nebraska governmental plan, as defined
24 by section 414(d) of the Internal Revenue Code. During the years
25 of participation in the other Nebraska governmental plan, the
26 employee must have been a full-time employee, as defined in the
27 Nebraska governmental plan in which the credit was earned.

28 (3) Any officer who qualifies for membership pursuant to

1 subsection (1) of this section may not be disqualified for
2 membership in the retirement system solely because such officer
3 also maintains separate employment which qualifies the officer for
4 membership in another public retirement system, nor may membership
5 in this retirement system disqualify such an officer from
6 membership in another public retirement system solely by reason of
7 separate employment which qualifies such officer for membership in
8 this retirement system.

9 (4) Information necessary to determine membership shall
10 be provided by the Nebraska State Patrol. If the Nebraska State
11 Patrol does not provide the information required by the board in an
12 accurate and timely manner, and the member suffers a financial loss
13 or incurs an unwarranted financial benefit thereby, the Nebraska
14 State Patrol shall be liable for all losses, adjustments, and
15 benefits so incurred.

16 Sec. 20. Section 81-2021, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 81-2021. (1) The director in charge of the system shall
19 keep a record of all acts and proceedings taken by the board. He
20 or she shall keep a complete record of all members with respect to
21 name, current address, age, contributions, length of service,
22 compensation, and any other facts as may be necessary in the
23 administration of ~~sections 81-2014 to 81-2036~~ the Nebraska State
24 Patrol Retirement Act. The board shall prescribe the form in which
25 such information shall be reported by the Nebraska State Patrol to
26 the board. The information in the records shall be provided by the
27 Nebraska State Patrol in an accurate and verifiable form, as
28 specified by the director. The director may, from time to time,

1 carry out sampling procedures in accordance with generally accepted
2 auditing standards to verify the accuracy of such information. For
3 the purpose of obtaining such facts and information, the director
4 shall have access to the records of the various state departments
5 and agencies. A certified copy of a birth certificate or delayed
6 birth certificate shall be prima facie evidence of the age of the
7 person named in the certificate.

8 (2) If the director has in place procedures as approved
9 by the board to educate the Nebraska State Patrol in the
10 maintenance of accurate information reporting and procedures
11 designed to monitor and sample information reporting accuracy in
12 accordance with generally accepted auditing practices, the board
13 shall not be liable for any losses to individuals or employers
14 based on inaccurate information.

15 Sec. 21. Section 84-1301, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 84-1301. For purposes of the State Employees Retirement
18 Act, unless the context otherwise requires:

19 (1)(a) Compensation means gross wages or salaries payable
20 to the member for personal services performed during the plan year.
21 Compensation does not include insurance premiums converted into
22 cash payments, reimbursement for expenses incurred, fringe
23 benefits, or bonuses for services not actually rendered, including,
24 but not limited to, early retirement inducements, cash awards, and
25 severance pay, except for retroactive salary payments paid pursuant
26 to court order, arbitration, or litigation and grievance
27 settlements. Compensation includes overtime pay, member retirement
28 contributions, and amounts contributed by the member to plans under

1 sections 125, 403(b), and 457 of the Internal Revenue Code or any
2 other section of the code which defers or excludes such amounts
3 from income.

4 (b) Compensation in excess of the limitations set forth
5 in section 401(a)(17) of the Internal Revenue Code shall be
6 disregarded. For an employee who was a member of the retirement
7 system before the first plan year beginning after December 31,
8 1995, the limitation on compensation shall not be less than the
9 amount which was allowed to be taken into account under the
10 retirement system as in effect on July 1, 1993;

11 (2) Date of disability means the date on which a member
12 is determined to be disabled by the board;

13 (3) Disability means an inability to engage in a
14 substantially gainful activity by reason of any medically
15 determinable physical or mental impairment which can be expected to
16 result in death or to be of long-continued and indefinite duration;

17 (4) Eligibility and vesting credit means credit for
18 years, or a fraction of a year, of participation in a Nebraska
19 governmental plan for purposes of determining membership in the
20 system and vesting the employer account;

21 (5) Employee means any employee of the State Board of
22 Agriculture who is a member of the state retirement system on July
23 1, 1982, and any person or officer employed by the State of
24 Nebraska whose compensation is paid out of state funds or funds
25 controlled or administered by a state department through any of its
26 executive or administrative officers when acting exclusively in
27 their respective official, executive, or administrative capacities.
28 Employee does not include (a) judges as defined in section 24-701,

1 (b) members of the Nebraska State Patrol, (c) employees of the
2 University of Nebraska, (d) employees of the state colleges, (e)
3 employees of community colleges, (f) employees of the Department of
4 Labor employed prior to July 1, 1984, and paid from funds provided
5 pursuant to Title III of the federal Social Security Act or funds
6 from other federal sources, (g) the Commissioner of Labor employed
7 prior to July 1, 1984, (h) employees of the State Board of
8 Agriculture who are not members of the state retirement system on
9 July 1, 1982, (i) the Nebraska National Guard air and army
10 technicians, (j) persons eligible for membership under the School
11 Retirement System of the State of Nebraska who have not elected to
12 become members of the retirement system pursuant to section 79-920
13 or been made members of the system pursuant to such section, except
14 that those persons so eligible and who as of September 2, 1973, are
15 contributing to the State Employees Retirement System of the State
16 of Nebraska shall continue as members of such system, or (k)
17 employees of the Coordinating Commission for Postsecondary
18 Education who are eligible for and have elected to become members
19 of a qualified retirement program approved by the commission which
20 is commensurate with retirement programs at the University of
21 Nebraska. Any individual appointed by the Governor may elect not
22 to become a member of the State Employees Retirement System of the
23 State of Nebraska;

24 (6) Five-year break in service means five consecutive
25 one-year breaks in service;

26 (7) Full-time employee means an employee who is employed
27 to work one-half or more of the regularly scheduled hours during
28 each pay period;

1 (8) Fund means the State Employees Retirement Fund
2 created by section 84-1309;

3 (9) Group annuity contract means the contract or
4 contracts issued by one or more life insurance companies to the
5 board in order to provide the benefits described in sections
6 84-1319, 84-1320, 84-1321, 84-1323, and 84-1323.01;

7 (10) Guaranteed investment contract means an investment
8 contract or account offering a return of principal invested plus
9 interest at a specified rate. For investments made after July 19,
10 1996, guaranteed investment contract does not include direct
11 obligations of the United States or its instrumentalities, bonds,
12 participation certificates or other obligations of the Federal
13 National Mortgage Association, the Federal Home Loan Mortgage
14 Corporation, or the Government National Mortgage Association, or
15 collateralized mortgage obligations and other derivative
16 securities. This subdivision shall not be construed to require the
17 liquidation of investment contracts or accounts entered into prior
18 to July 19, 1996;

19 (11) One-year break in service means a plan year during
20 which the member has not completed more than five hundred hours of
21 service;

22 (12) Part-time employee means an employee who is employed
23 to work less than one-half of the regularly scheduled hours during
24 each pay period;

25 (13) Plan year means the twelve-month period beginning on
26 January 1 and ending on December 31;

27 (14) Prior service means service before January 1, 1964;

28 (15) Regular interest means the rate of interest earned

1 each calendar year commencing January 1, 1975, as determined by the
2 retirement board in conformity with actual and expected earnings on
3 the investments;

4 (16) Required contribution means the deduction to be made
5 from the compensation of employees as provided in section 84-1308;

6 (17) Retirement means qualifying for and terminating
7 employment after becoming qualified to receive the retirement
8 allowance granted under the State Employees Retirement Act;

9 (18) Retirement board or board means the Public Employees
10 Retirement Board;

11 (19) Retirement system means the State Employees
12 Retirement System of the State of Nebraska;

13 (20) Service means the actual total length of employment
14 as an employee and shall not be deemed to be interrupted by (a)
15 temporary or seasonal suspension of service that does not terminate
16 the employee's employment, (b) leave of absence authorized by the
17 employer for a period not exceeding twelve months, (c) leave of
18 absence because of disability, or (d) military service, when
19 properly authorized by the retirement board. Service does not
20 include any period of disability for which disability retirement
21 benefits are received under section 84-1317;

22 (21) State department means any department, bureau,
23 commission, or other division of state government not otherwise
24 specifically defined or exempted in the act, the employees and
25 officers of which are not already covered by a retirement plan;

26 (22) Straight life annuity means an ordinary annuity
27 payable for the life of the primary annuitant only and terminating
28 at his or her death without refund or death benefit of any kind;

1 (23) Surviving spouse means (a) the spouse married to the
2 member on the date of the member's death or (b) the spouse or
3 former spouse of the member if survivorship rights are provided
4 under a qualified domestic relations order filed with the board
5 pursuant to the Spousal Pension Rights Act. The spouse or former
6 spouse shall supersede the spouse married to the member on the date
7 of the member's death as provided under a qualified domestic
8 relations order. If the benefits payable to the spouse or former
9 spouse under a qualified domestic relations order are less than the
10 value of benefits entitled to the surviving spouse, the spouse
11 married to the member on the date of the member's death shall be
12 the surviving spouse for the balance of the benefits; and

13 (24) Termination of employment occurs on the date on
14 which the agency which employs the member determines that the
15 member's employer-employee relationship with the State of Nebraska
16 is dissolved. The agency which employs the member shall notify the
17 board ~~in writing~~ within two weeks after the date such a termination
18 is deemed to have occurred. Termination of employment does not
19 occur if an employee whose employer-employee relationship with the
20 State of Nebraska is dissolved enters into an employer-employee
21 relationship with the same or another agency of the State of
22 Nebraska and there are less than one hundred twenty days between
23 the date when the employee's employer-employee relationship ceased
24 with the state and the date when the employer-employee relationship
25 commenced with the same or another agency which qualifies the
26 employee for participation in the plan. It shall be the
27 responsibility of the current employer to notify the board ~~in~~
28 ~~writing~~ of such change in employment and provide the board with

1 such information as the board deems necessary. If the board
2 determines that termination of employment has not occurred and a
3 termination benefit has been paid to a member of the retirement
4 system pursuant to section 84-1321, the board shall require the
5 member who has received such benefit to repay the benefit to the
6 retirement system.

7 Sec. 22. Section 84-1305.01, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 84-1305.01. (1) The board or an entity designated by the
10 board director shall keep a complete record of all members with
11 respect to name, current address, age, contributions, and any other
12 facts as may be necessary in the administration of the State
13 Employees Retirement Act. The information in the records shall be
14 provided by the employer in an accurate and verifiable form, as
15 specified by the director of the Nebraska Public Employees
16 Retirement Systems. The director may, from time to time, carry out
17 sampling procedures in accordance with generally accepted auditing
18 standards to verify the accuracy of such information. For the
19 purpose of obtaining such facts and information, the board and its
20 designee director shall have access to the records of the various
21 state departments and agencies. A certified copy of a birth
22 certificate or delayed birth certificate shall be prima facie
23 evidence of the age of the person named in the certificate.

24 (2) If the director has in place procedures as approved
25 by the board to educate employers in the maintenance of accurate
26 information reporting and procedures designed to monitor and sample
27 information reporting accuracy in accordance with generally
28 accepted auditing practices, the board shall not be liable for any

1 losses to individuals or employers based on inaccurate information.

2 Sec. 23. Section 84-1307, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 84-1307. (1) The membership of the retirement system
5 shall be composed of (a) all permanent full-time employees who have
6 twenty-four continuous months of service and who have attained the
7 age of thirty and (b) all permanent full-time or permanent
8 part-time employees who have twelve months of service within a
9 five-year period, who have attained the age of twenty, and who
10 exercise the option to join the retirement system. An employee who
11 exercises the option to join the retirement system pursuant to this
12 section shall remain in the retirement system until his or her
13 termination of employment or retirement.

14 (2) For purposes of this section, (a) permanent full-time
15 employees includes employees of the Legislature or Legislative
16 Council who work one-half or more of the regularly scheduled hours
17 during each pay period of the legislative session and (b) permanent
18 part-time employees includes employees of the Legislature or
19 Legislative Council who work less than one-half of the regularly
20 scheduled hours during each pay period of the legislative session.

21 (3) Within the first thirty days of employment, a
22 full-time employee may apply to the board for eligibility and
23 vesting credit for years of participation in another Nebraska
24 governmental plan, as defined by section 414(d) of the Internal
25 Revenue Code. During the years of participation in the other
26 Nebraska governmental plan, the employee must have been a full-time
27 employee, as defined in the Nebraska governmental plan in which the
28 credit was earned.

1 (4) Any employee who qualifies for membership in the
2 retirement system pursuant to this section may not be disqualified
3 for membership in the retirement system solely because such
4 employee also maintains separate employment which qualifies the
5 employee for membership in another public retirement system, nor
6 may membership in this retirement system disqualify such an
7 employee from membership in another public employment system solely
8 by reason of separate employment which qualifies such employee for
9 membership in this retirement system.

10 (5) Information necessary to determine membership in the
11 retirement system shall be provided by the employer. If the
12 employer does not provide the information required by the board in
13 an accurate and timely manner, and the member suffers a financial
14 loss or incurs an unwarranted financial benefit thereby, the
15 employer providing inaccurate or untimely information shall be
16 liable for all losses, adjustments, and benefits so incurred.

17 Sec. 24. Section 84-1503, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 84-1503. (1) It shall be the duty of the Public
20 Employees Retirement Board:

21 (a) To administer the retirement systems provided for in
22 the County Employees Retirement Act, the Judges Retirement Act, the
23 Nebraska State Patrol Retirement Act, the School Employees
24 Retirement Act, and the State Employees Retirement Act. The agency
25 for the administration of the retirement systems and under the
26 direction of the board shall be known and may be cited as the
27 Nebraska Public Employees Retirement Systems;

28 (b) To appoint a director to administer the systems under

1 the direction of the board. The appointment shall be subject to
2 the approval of the Governor and a majority of the Legislature.
3 The director shall be qualified by training and have at least five
4 years of experience in the administration of a qualified public or
5 private employee retirement plan. The director shall not be a
6 member of the board. The salary of the director shall be set by
7 the board. The director shall serve without term and may be
8 removed by the board;

9 (c) To provide for an equitable allocation of expenses
10 among the retirement systems administered by the board, and all
11 expenses shall be provided from the investment income earned by the
12 various retirement funds unless alternative sources of funds to pay
13 expenses are specified by law;

14 (d) To administer the deferred compensation program
15 authorized in section 84-1504;

16 (e) To hire an attorney, admitted to the Nebraska State
17 Bar Association, to advise the board in the administration of the
18 retirement systems listed in subdivision (a) of this subsection;

19 (f) To adopt and implement procedures for reporting
20 information by employers, as well as sampling and monitoring
21 procedures in accordance with generally accepted auditing
22 standards. which shall ensure the accuracy, timeliness, and
23 verifiability of information which is received from agencies,
24 counties, school districts, and other public entities whose
25 employees participate in retirement systems administered by the
26 board. The information necessary to determine membership shall be
27 provided by the employer. If the employer does not provide the
28 information required by the board in an accurate and timely manner,

1 and the member suffers a financial loss or incurs an unwarranted
2 financial benefit thereby, the employer providing inaccurate or
3 untimely information shall be liable for all losses, adjustments,
4 and benefits so incurred. The board shall adopt and promulgate
5 rules and regulations and prescribe such forms necessary to carry
6 out this subdivision;

7 (g) To administer the service award benefit programs
8 authorized in the Volunteer Emergency Responders Recruitment and
9 Retention Act; and

10 (h) To prescribe and furnish forms for the public
11 retirement system plan reports required to be filed pursuant to
12 sections 2-3228, 12-101, 14-567, 14-1805.01, 14-2111, 15-1017,
13 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, and 79-987
14 and to notify the Nebraska Retirement Systems Committee of the
15 Legislature of the failure of any governmental entity to file such
16 reports.

17 (2) In administering the retirement systems listed in
18 subdivision (1)(a) of this section, it shall be the duty of the
19 board:

20 (a) To determine, based on information provided by the
21 employer, the prior service annuity, if any, for each person who is
22 an employee of the county on the date of adoption of the retirement
23 system;

24 (b) To determine the eligibility of an individual to be a
25 member of the retirement system and other questions of fact in the
26 event of a dispute between an individual and the individual's
27 employer;

28 (c) To adopt and promulgate rules and regulations for the

1 management of the board;

2 (d) To keep a complete record of all proceedings taken at
3 any meeting of the board;

4 (e) To obtain, by a competitive, formal, and sealed
5 bidding process through the materiel division of the Department of
6 Administrative Services, actuarial services on behalf of the State
7 of Nebraska as may be necessary in the administration and
8 development of the retirement systems. Any contract for actuarial
9 services shall contain a provision allowing the actuary, without
10 prior approval of the board, to perform actuarial studies of the
11 systems as requested by entities other than the board, if notice,
12 which does not identify the entity or substance of the request, is
13 given to the board, all costs are paid by the requesting entity,
14 results are provided to the board upon being made public, and such
15 actuarial studies do not interfere with the actuary's ongoing
16 responsibility to the board. The term of the contract shall be for
17 up to three years. A competitive, formal, and sealed bidding
18 process shall be completed at least once in every three years,
19 unless the board determines that such a process would not be
20 cost-effective under the circumstances and that the actuarial
21 services performed have been satisfactory, in which case the
22 contract may also contain an option for renewal without a
23 competitive, formal, and sealed bidding process for up to three
24 additional years. An actuary under contract for the State of
25 Nebraska shall be a member of the American Academy of Actuaries;

26 (f) To direct the State Treasurer to transfer funds, as
27 an expense of the retirement systems, to the Legislative Council
28 Retirement Study Fund. Such transfer shall occur beginning on or

1 after July 31, 1992, and at intervals of not less than ten years
2 and not more than fifteen years and shall be in such amounts as the
3 Legislature shall direct, except that up to seventy-five thousand
4 dollars may be transferred in FY1993-94 to assist in completing the
5 study authorized in Legislative Resolution 328, Ninety-second
6 Legislature, Second Session, 1992;

7 (g) To adopt and promulgate rules and regulations to
8 carry out the provisions of each retirement system described in
9 subdivision (1)(a) of this section, which shall include, but not be
10 limited to, the crediting of military service, direct rollover
11 distributions, and the acceptance of rollovers;

12 (h) To obtain, by a competitive, formal, and sealed
13 bidding process through the materiel division of the Department of
14 Administrative Services, auditing services for a separate
15 compliance audit of the retirement systems to be completed by
16 December 31, 1997, and every four years thereafter. The compliance
17 audit shall be in addition to the annual audit conducted by the
18 Auditor of Public Accounts. The compliance audit shall include,
19 but not be limited to, an examination of records, files, and other
20 documents and an evaluation of all policies and procedures to
21 determine compliance with all state and federal laws. ~~The written~~
22 A copy of the compliance audit ~~report~~ shall be given to the
23 Governor, the board, and the Nebraska Retirement Systems Committee
24 and shall be presented to the committee at a public hearing;

25 (i) To adopt and promulgate rules and regulations for the
26 adjustment of contributions or benefits, which shall include, but
27 not be limited to: (i) The procedures for refunding contributions,
28 adjusting future contributions or benefit payments, and requiring

1 additional contributions or repayment of benefits; (ii) the process
2 for a member, member's beneficiary, employee, or employer to
3 dispute an adjustment to contributions or benefits; and (iii)
4 notice provided to all affected persons. All notices shall be sent
5 prior to an adjustment and shall describe the process for disputing
6 an adjustment to contributions or benefits; and

7 (j) To administer all retirement system plans in a manner
8 which will maintain each plan's status as a qualified plan pursuant
9 to the Internal Revenue Code. The board shall adopt and promulgate
10 rules and regulations necessary or appropriate to maintain such
11 status including, but not limited to, rules or regulations which
12 restrict discretionary or optional contributions to a plan or which
13 limit distributions from a plan.

14 (3) The board and the Nebraska Investment Council shall
15 jointly have an analysis made of the investment return that has
16 been achieved on the assets of each retirement system administered
17 by the board. The analysis shall be prepared annually as of
18 January 1. The analysis shall be prepared by an independent
19 private organization which has demonstrated expertise to perform
20 this type of analysis and which is unrelated to any organization
21 offering investment advice or providing investment management
22 services to the retirement system. The analysis may be waived
23 jointly by the board and the council for any retirement system with
24 assets of less than ten million dollars. A copy of the analysis
25 shall be given to the board, the council, and the Nebraska
26 Retirement Systems Committee. By March 1 of each year, the
27 analysis shall be presented to the Nebraska Retirement Systems
28 Committee.

1 (4) By March 1 of each year, the board shall prepare a
2 written plan of action and shall present such plan to the Nebraska
3 Retirement Systems Committee at a public hearing. The plan shall
4 include, but not be limited to, the board's funding policy, member
5 education and informational programs, the director's duties and the
6 limits on his or her authority, an organizational structure of the
7 office of the Nebraska Public Employees Retirement Systems, and the
8 internal control structure of such office to ensure compliance with
9 state and federal laws.

10 Sec. 25. Section 84-1512, Reissue Revised Statutes of
11 Nebraska, is amended to read:

12 84-1512. (1) The Public Employees Retirement Board, for
13 purposes of administering the various retirement systems under its
14 jurisdiction, shall receive from the Department of Administrative
15 Services and other employers such information as is necessary for
16 the efficient and accurate administration of the plans and may
17 prescribe the form in which the information is to be presented and
18 received by the board. The information in the records shall be
19 provided by the employers in an accurate and verifiable form, as
20 specified by the director. The director may, from time to time,
21 carry out sampling procedures in accordance with generally accepted
22 auditing standards to verify the accuracy of such information and
23 shall have access to records maintained by the Department of
24 Administrative Services on the Nebraska employees information
25 system data base for the purpose of ~~securing names, social security~~
26 ~~numbers, addresses, ages, salary records, employment dates, and~~
27 obtaining any ~~other~~ information which may be necessary to verify
28 the accuracy of information and administer the systems.

1 (2) If the board has in place procedures to educate
2 employers and the Department of Administrative Services in the
3 maintenance of accurate information reporting and procedures
4 designed to monitor and sample information reporting accuracy in
5 accordance with generally accepted auditing practices, the board
6 shall not be liable for any losses to individuals or employers
7 based on inaccurate information.

8 Sec. 26. Original sections 24-709.01, 79-906, 79-911,
9 79-917, 79-956, 79-963, 81-2014, 81-2016, 81-2021, 84-1301,
10 84-1305.01, 84-1307, 84-1503, and 84-1512, Reissue Revised Statutes
11 of Nebraska, sections 23-2306, 23-2312, 24-704, 24-707, 79-905, and
12 79-907, Revised Statutes Supplement, 1998, and sections 23-2301,
13 24-701, 24-706, 79-902, and 79-960, Revised Statutes Supplement,
14 1999, are repealed.

15 Sec. 27. The following section is outright repealed:
16 Section 79-961, Reissue Revised Statutes of Nebraska.